

**Road User Fee Task Force (RUFTF) – Meeting Minutes**  
**February 24, 2017**  
**Salem, OR**  
**State Capitol Building / Conference Room 350**

**Task Force Members in attendance:** Councilor Craig Dirksen, Craig Campbell, Representative John Lively, Senator Bill Hansell, Representative Margaret Doherty, Mayor Bob Andrews, and OTC Commissioner Tammy Baney

**Task Force Members not in attendance:** Representative Cliff Bentz, Commissioner Sid Lieken, OTC Commissioner Sean O'Hollaren, Senator Arnie Roblan, and Senator Chuck Thomsen

**ODOT Staff in attendance:** Jenna Adams-Kalloch (liaison to the Task Force), Travis Brouwer, Maureen Bock, Eryca Dinsdale, Kathy Kleen, Sarah Dornon, Kathryn Jones, Randal Thomas, Dan Porter, Joanna Robert and Michelle Godfrey

**Guests:** Miles Pengilly (Drive Oregon), Satvinder Sandhu (FHWA-Oregon), and Mazen Malik (Legislative Revenue Office), Carrie Martin

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Interim Chair Craig Dirksen convened the Task Force at 11:38 AM.

### **Approval of Minutes**

Approval of meeting minutes from the September 21, 2016 was postponed until the next meeting due to lack of quorum.

### **Public Testimony**

Carrie Martin, identified as member of the public, has been looking at HB 2464 and has some questions about the content of the bill. She wanted more information about the rulemaking process, how the rate will be determined and about the ability to distinguish between public and private roads

**Chair Dirksen:** All of the questions you raised are questions that this task force has been dealing with for multiple years. We will be discussing details of the bill later in this meeting.

**Ms. Bock:** Added that many of these questions are addressed on OReGO.gov.

### **Road Usage Charge Program (OReGO) Status (PowerPoint by Maureen Bock)**

OReGO has been operating a little over a year now. Quick recap on SB 810 which enabled us to go live July 1, 2015 with 1.5 cents per mile including a fuel tax credit of taxable miles.

OReGO volunteers have reporting choices which include a GPS device and a non-GPS device. Not having vehicle location technology was a key point in the bill and providing choices in the

account management services and protections for personal identifiable information. All of these items have been incorporated into the OReGO program.

Update on Fixing America's Service Transportation (FAST) Act grant—ODOT will use the grant funds to expand the market, increase public awareness for not just OReGO, but also transportation funding. ODOT will also be looking at compliance.

SB 810 allows ODOT to work with other states, which is a key component of RUC West. RUC West also got a FAST Act grant for a Regional RUC Pilot. ODOT is negotiating with a contractor to design the system, develop business rules and define technology interface. The system will pilot interoperability between California and Oregon.

### **RUC Evaluations (Maureen Bock)**

The three external reviews that were recently conducted include:

- Information at Risk – looked at the security of their system and requirements that are in place.
- Account Manager Satisfaction – Public knowledge of our account managers. They all noted that they were very satisfied with their partnership with ODOT.
- Volunteer Satisfaction – volunteers that opted into the program support the Road Usage Charge. Overall they have a positive experience. Some concerns about rural drivers potentially being penalized. One of the keys highlights from this evaluation is that volunteers were asked if their experience had changed their perception of the Road Usage Charge. A majority of them said they were more supportive because they were in the program.

A draft evaluation book was made available to RUFTF members and an opportunity to weigh in.

### **Mandatory RUC Legislation, HB 2464 (Eryca Dinsdale)**

The foundation of RUFTF work over the last 15 years has been around the fact that growing vehicle fuel efficiency is going to significantly compromise the revenue stream that's produced by the fuels tax. Last September, RUFTF introduced legislation and worked through the issues to recommend a Mandatory Road Usage Charge program. Based on that, ODOT drafted a legislative concept based only on the issues where RUFTF had explicitly reached consensus through your deliberations at the last meeting.

There are a few additional considerations ODOT would like to bring to you today for you to consider introducing into negotiation should this bill move through the legislative process. The bill is HB 2464 and has been introduced in House Transportation Policy Committee and is now part of the legislative discussions.

One of these items that we wanted to talk to you about today is foundational. It's a Flat Annual Usage Charge. We believe that this Flat Annual Usage Charge is foundational because it's a compliment to a Road Usage Charge and it will help us ensure compliance, help offer customer choice and in transition into the mandatory Road Usage Charge program it will provide a back stop for any vehicles that are not compatible to technology that is available when we go live. RUFTF endorsed this concept in the past and it has been part of prior RUFTF bills.

ODOT is aware that some improvements to a mandatory Road Usage Charge program will be operational within the program, some can be created within in rule, and others will need legislative action.

Ms. Dinsdale reminded the Task Force that they received a memo in the packet on a flat annual usage charge. She noted that she will walk through the highlights and at the end we will be looking for RUFTF direction on this topic.

The Flat Annual Usage Charge is an important element of the mandatory RUC program for a lot of reasons. For example is something we hear about a lot. Not all drivers initially want to report data from their vehicle or participate in the program. With the flat annual usage charge the consumer can opt to pay it and not have to register with an account manager or report driving data. The RUC device may not be compatible with a vehicle as technology continues to evolve. Most important reason would be compliance and ensuring that everyone pays their fair share in participating in a mandatory RUC. There are two slides that show examples of how the Flat Annual Usage Charge would work. We based it on an 18,000 VMT as an illustration based on 80 percent of vehicles driving less than that.

Overall objective would be to incentivize participation in the RUC regardless of vehicle MPG or said another way to not lead all the high efficiency vehicles to stay in a flat annual usage charge.

In this proposal we have created bins based on vehicle MPG that are aligned with manufacturer EPA rating. Based on our experience of collecting MPG of the vehicles in the OReGO program, creating small ranges or bins leads to a better customer experience. We recommend that we set assumed VMT, simplify the fee structure and incentivize for owners to enroll in RUC.

We would like to open this up for questions and conversations about this proposal. ODOT is recommending that RUFTF consider adding a default flat annual usage charge option to the Mandatory Road Usage Charge Program created by HB 2464. The initial recommendation that lead to that bill did not specifically consider a flat annual usage charge. We are looking for RUFTFs direction whether it should be added now.

## **Discussion**

**Senator Hansell:** I thought that RUC was optional. Would this apply to eastern Oregon?

**Mr. Brouwer:** This would apply across the State. From the research we have from the past we know rural drivers do drive a little more on average than urban drivers. The differences are not as much as you might expect. In the case of the Road Usage Charge, rural drivers tend to drive less fuel efficient vehicles. If you look at who would be impacted by road usage charge it's primarily around the higher efficiency vehicles. Under a flat annual usage charge most of those vehicles would be paying--especially rural Oregon--relatively small amounts. They are paying most of their fair share in gas tax currently.

**Interim Chair Dirksen:** My perception was when we did the VMT analysis across the state what we determined was that people that live in the larger cities would drive more or as much as those that live in rural Oregon. Another thought--under the current system where you just pay gas taxes, people who drive further pay more now. So changing to this process does not change that.

**Mr. Campbell:** It might actually be a slight decrease for those traveling in eastern Oregon

**Mr. Brouwer:** Yes, especially you will see in the evaluation book. It has a summary of the OSU study that we did. I believe it was provided to RUFTF last summer that showed that it would be urban drivers that would be the most likely to pay more under the system depending on the assumptions about rates. Generally rural Oregon would be the ones coming out ahead under the road usage charge if it were applied across the board. The RUFTF recommendation is to not apply to every vehicle but to the higher efficiency vehicles.

**Ms. Dinsdale:** The concept of the flat annual usage charge is for those who don't want to sign up with an account manager or install something. The tenants of implementation in terms of the 20 MPG and above vehicles, those things are all the same for both.

**Representative Lively:** When do they choose to sign up for this?

**Mr. Brouwer:** That's likely done through the registration process when the DMV has a touch point especially under the RUFTF concept with new vehicles only.

**Interim Chair Dirksen:** Following up on that question to define what MPG bin it would be in. Just based on the EPA rating mileage of the vehicle?

**Mayor Andrews:** The vehicles that are not registered through our state because they moved, or simply didn't register, or expire which we frequently see through our municipal courts not paying their registration. How are you going to be tracking those?

**Ms. Dinsdale:** The concept of this or really any other part of collecting the RUC is tied to the DMV system. As out of state vehicles move into the system and transfer into the register at that point in time they would either sign up with an account manager with a device or if you all agree sign up for the flat annual usage charge.

**Interim Chair Dirksen:** If they choose not to comply, the only way you could collect is up front.

**Ms. Dinsdale:** It's really about simplifying the number of touch points. Details about when exactly drivers will have touch points with ODOT still need to be figured out.

**Mayor Andrews:** In looking at this added approach, what are the administrative costs that are associated with this that will be an addition to or as an alternative to mandatory bill?

**Ms. Dinsdale:** Your basic question is how expensive this is and is there any more or less than what is for the mandatory RUC. In this case, because we are able to integrate the way DMV already integrates with their customer in terms of registering vehicles etc. Those that choose not to go into the mandatory RUC and do this with a very much reduced charge that will take very little effort. It's the same people at DMV at the counter that are processing those similar transactions.

**Interim Chair Dirksen:** I would think once your car is registered and have the fees set-up for the first time you would have the same type of registration and transaction if you were on some type of payment plan and paying every 6 months. Wouldn't that happen automatically?

**Ms. Dinsdale:** That's the goal to minimize those extra transactions.

**Interim Chair Dirksen:** I do have one clarification. I know this has been difficult for me to grasp when I first talked about this. We don't get doubled tax under the RUC program. You either pay the gas tax or you pay the mileage fee. If you're paying the mileage fee then you're credited for the gas tax you pay. But if you choose to opt out of that and use this program instead you will still pay the gas tax at the pump and then you would pay the additional fee on top of that based on the mileage of your vehicle. The more gas your vehicle uses the more gas tax you pay but less you pay of this charge.

**Ms. Dinsdale:** Correct.

**Mr. Brouwer:** It's designed to be a commensurate to what you pay on the road. The goal of RUFTF has been to make sure everyone pays a fair share based on the usage charge per mile. This is designed to have people pay what you were to pay a road usage charge if you declined to opt into that system then you can pay this instead. You can choose to pay two taxes or pay one tax. They are designed to be equal.

**Mr. Campbell:** I know we made a political decision about whether or not to include vehicles that get less miles per gallon. If we had done that they would actually be paying less than under the Road Usage Charge. The problem is it would cost us to have them switch over. We would actually be using the administrative dollars to give money back to somebody if we had just excluded them from the program we wouldn't have that problem.

**Ms. Dinsdale:** We have had a lot of great conversations about the elements of the mandatory bill. I just want to make sure we convey is this flat annual usage charge concept is not in the bill.

**Mr. Brouwer:** This is not included in the legislation because we have not had that opportunity to have that full discussion with RUFTF by the time the bill was drafted.

**Interim Chair Dirksen:** If this bill passes, this program would not. We are looking for a solution that will maintain and increase the amount of money available for that program. This isn't intended to directly replace the existing system. This particular program is the alternative to mandatory RUC, not what we have today.

**Mr. Campbell:** The proposal that is out there is, do we support the idea of adding this to begin in 2026 as an alternative to the RUC and also as a possible compliance mechanism for those who are on the RUC but don't comply we can move them onto this program to make sure they are paying their fair share?

**Ms. Dinsdale:** Correct.

**Interim Chair Dirksen:** Do we as a committee in general support the usage charge as an alternative to being in the actual RUC program? We don't have a quorum so we won't take an actual vote.

**Mayor Andrews:** This flat annual usage charge, if everyone was to go that way would it generate roughly the same return for what we need vs. the RUC program?

**Ms. Dinsdale:** It would depend on how you set that up.

**Mr. Campbell:** What we want to do is actually adopt the RUC program, but for convenience sake allowing them to do something that would cost them a little more does 3 things, 1) it allows

those who are frightened to go into RUC to pay, 2) it makes sure we have an alternative compliance means and 3) we provide an option into the program so we can continue that promise.

**Mr. Brouwer:** In the memo we highlighted the 18,000 column as a place to start and that's what these examples are based on. We wanted to get a sense from you if that is the right number-- too high too low. The lower you go the more people tend to choose the flat annual usage charge and the less revenue we will get from high mileage vehicles.

**Mayor Andrews:** I say start with the 18,000.

**Interim Chair Dirksen:** Agree and the last one is what about EV's?

**Ms. Dinsdale:** In this illustration, EVs have a separate bin. We are looking for your direction if you think EV's should have their own bin, should we include them in other high mileage vehicles? If you include them with other high efficient mileage and they don't ever fuel up at the pump, will not pay their fair share, but they are also not used to paying anything now.

**Mayor Andrews:** Looking at what we are trying to do on getting a return because of the use of the road most of the EV's have been exposed to today are not carry a great deal of weight on the roads, there may be some exceptions. Could there be a GVW attached to the EV?

**Ms. Dinsdale:** I think it would be difficult to administer.

**Interim Chair Dirksen:** We will need to look at something completely different when we look at commercial vehicles.

**Mr. Campbell:** We already have a system for commercial vehicles.

**Mr. Brouwer:** This is an interesting concept around medium duty elective vehicles. This is something we haven't really seen hitting the road. That 10,000 – 26,000 lbs. However there is information I have seen that we may see electric vehicles in that space but would be paying nothing or very little in gas tax. May be in the future on RUFTFs work plan we take a look at that category of vehicles.

**Mayor Andrews:** That was kind of the direction I was going.

**Mr. Campbell:** An EV driver using the road usage charge would never get a gas tax element in their cost. Everyone is paying a gas tax except EV. They should be treated in a separate bin.

**Interim Chair Dirksen:** I think that is justifiable.

**OTC Commissioner Baney:** Could we not phase it so it's not such a hit immediately?

**Mr. Campbell:** The bill is not effective until 2025.

**OTC Commissioner Baney:** All of the questions and comments we need to articulate to the public, because we are asking the same questions. I underline this as the education piece.

**Interim Chair Dirksen:** Only concern with phasing any part of it would make it difficult to pass the bill.

**Representative Lively:** What is the intention with Legislature?

**Mr. Brouwer:** Now that you have deliberated as a group we have enough information that if this legislation should move forward as part of the funding package or on its own we can give this to you to introduce into discussion so it's a well-developed concept and can be drafted as an amendment as part of that bill.

### **Membership: Filling Task Force Vacancies**

**Mr. Brouwer:** There are multiple vacancies on the Road User Fee Task Force.

What he would like to do is get your input to fill these spots. We have two at large members that need to be appointed. Those require appointment by the governor, senate president and speaker of the house acting joint. Our intent would be during this legislative session we would ask for those to be appointed. We also have a couple of Ex-Officio members which can be appointed with legislatures who can be appointed legislators by the speaker and senate president. There are specific directions in the RUFTF statute that the appointing authority shall consider individuals who represent the telecom industry, highway user groups, the Oregon transportation research community and national research and policy making bodies such as the transportation research board and the American Association of State Highway and Transportation. They are to be considered but it is not mandatory to appoint from those group.

**Interim Chair Dirksen:** Are you looking for recommendations for specific individuals or from these kinds of organizations?

**Mr. Brouwer:** Both. If you have specific individuals you believe should be present around this table we would take that in consideration.

**Mr. Campbell:** Suggested prior legislator John Davis and thinks the car manufacturer industry should be represented.

**Interim Chair Dirksen:** Suggested including someone from Transportation for America

### **Future Agenda Items and Next Meeting Date**

**Mr. Brouwer:** The course of RUFTF will be determined by what the legislature does this session. If they were to implement a mandatory bill you will have one set of issues on your agenda in the near term.

We would probably bring you back together this fall with the membership is filled out and we have a new set of issues from the Legislature. We welcome any additional ideas about what it is we should be considering for future meeting agendas.

**Interim Chair Dirksen:** Asked if anyone feels we should meet sooner.

**Mr. Brouwer:** We will let you know if legislation moves forward related to RUFTF or as there are opportunities for that engagement with legislative committees or work groups. If there is a need to bring the task force back together we will work through you to determine that.

**Interim Chair Dirksen:** Asked if there was anything else we needed to talk about.

**Mr. Brouwer:** Noted that Kathy Kleen who has been our committee helper for many years now will be retiring soon and wanted to give her a huge thank you for all of her work.

The meeting was adjourned at 12:54 PM.

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